

Message Text

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FM SECSTATE WASHDC

TO AMCONSUL HONG KONG

INFO AMEMBASSY SINGAPORE

AMEMBASSY MOSCOW

AMEMBASSY CANBERRA

C O N F I D E N T I A L STATE 305488

E.O. 11652: GDS

TAGS: EFIN, BBAK, HK, UR, US

SUBJECT: AMOS DAWE AND THE MOSCOW NARODNY BANK

REFS: A) HONG KONG 14867, B) HONG KONG 12544,

C) HONG KONG 12449, D) HONG KONG 12351

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1. DEPARTMENT OFFICERS HAVE TALKED WITH CALIFORNIA AND US BANKING OFFICIALS, WHO SUSPECT THAT AMOS DAWE'S SOURCES OF CREDIT (PARTICULARLY MOSCOW NARODNY BANK) HAVE BEGUN TO RUN DRY. MOSCOW NARODNY BANK (MNB) WAS TANGENTIALLY INVOLVED IN DAWE'S PURCHASE OF ONE CALIFORNIA NATIONAL BANK. BUT MNB HAS NOT HAD, NOR DOES IT NOW HAVE, DIRECT FINANCIAL INTEREST IN ANY CALIFORNIA BANK.

2. ACCORDING TO CALIFORNIA STATE BANKING DEPARTMENT INVESTIGATOR ROBERT BORGAN AND COMPTROLLER OF THE CURRENCY OFFICIALS JOSEPH POGAR AND ROBERT SERINO (SEE REFTELS),
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RUMORS OF MNB'S HAVING GAINED CONTROL OF CALIFORNIA BANKS

ARE UNTRUE AND PROBABLY STEM FROM RAYMONDE SACKLYN.

3. ACCORDING TO CALIFORNIA OFFICIALS, STATUS OF BANKS IN WHICH DAWE IS INVOLVED IS AS FOLLOWS:

A) PENINSULA NATIONAL BANK WAS CONTROLLED BY DAWE UNTIL MID-NOVEMBER 75 WHEN HE DEFAULTED ON A LOAN PAYMENT TO PACIFIC AND ATLANTIC BANK (P&A), WHICH THEN TOOK OVER PENINSULA NATIONAL. P&A (\$20 M ASSETS) IS INCORPORATED IN PANAMA AND OWNED BY EDDIE WONG, AN ETHNIC CHINESE OF UNKNOWN CITIZENSHIP. WHILE NEGOTIATING HIS LOAN, DAWE RELIED ON MNB AS A PRINCIPAL CREDIT REFERENCE, BUT MNB WAS NOT DIRECTLY INVOLVED IN THE DEAL.

B) TAHOE NATIONAL BANK AND FIRST NATIONAL BANK OF FRESNO: BOTH ARE STILL OWNED BY DAWE WITH APPROXIMATELY 80 OF THE STOCK, THE REMAINING 20 BEING HELD BY THE CALIFORNIA BANK-HOLDING COMPANY THAT HAD BEEN THE BANKS' ORIGINAL SOLE OWNER. DAWE APPARENTLY BORROWED HEAVILY TO BUY THESE TWO BANKS AT A PRICE WELL ABOVE THEIR MARKET VALUE. THE NEXT INSTALLMENT ON THIS LOAN FALLS DUE IN JANUARY 76; AND SHOULD DAWE DEFAULT, AS US OFFICIALS EXPECT, OWNERSHIP OF TAHOE NATIONAL AND FIRST NATIONAL OF FRESNO WILL REVERT TO THE BANK-HOLDING COMPANY.

4. POGAR UNDERSTOOD THAT MNB HAD EXTENDED A "WORKING LINE OF CREDIT FOR \$40 M OR \$50 M" TO DAWE WHICH MNB CUT OFF FOLLOWING ADVERSE PUBLICITY GENERATED BY SACKLYN. POGAR HAS ALSO HEARD UNVERIFIED REPORTS THAT MNB HAS RECENTLY ACQUIRED AN AUSTRALIAN INSURANCE COMPANY ONCE OWNED BY DAWE, BUT HE HAD NO DETAILS.

5. DAWE'S APPLICATION TO BUY A CALIFORNIA STATE BANK IS "TECHNICALLY" STILL OPEN BUT "PRACTICALLY DENIED, WITH FORMAL DENIAL IMMINENT," ACCORDING TO BORGAN. THE REASON FOR THE DENIAL WILL BE THAT DAWE DID NOT RESPOND TO CALIFORNIA'S SPECIFIC QUESTIONS ABOUT HIS FINANCIAL BACKING. BORGAN FEELS THAT MNB NOW REGRETS ITS CONNECTION WITH DAWE AND FEARS IT MIGHT BE SEEN BY THE SE ASIAN FINANCIAL COMMUNITY AS A "PATSY". ROBINSON
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